Research

India Buyer Survey 2021

Living in the times of COVID-19

knightfrank.co.in/research

KEY FINDINGS

RELOCATION INTENTIONS

One in five respondents are more inclined to move houses within the next 12 months globally, due to the pandemic. One in three in case of Mainstream Indian Segment.

DECISION MAKING CRITERIA

30% respondents ranked upgrading the family's primary residence as the top factor influencing purchase of a new home

PANDEMIC IMPACT ON THE WAY OF LIVING

More than half of the respondents in Mainstream Indian Segment expect to be back in office for the entire work week once all restrictions are lifted

BUYING INTENTIONS

Nearly 40% respondents across income segments more likely to buy a second home due to the pandemic

FOREWORD

The COVID-19 pandemic has fundamentally altered the way homebuyers think of their dwellings. Consumer behavior has changed significantly leading to a structural shift in the manner they look at how to live and where to live, including their sentiment towards home ownership. There is no going back to the old normal. Cocooned in the comfort of their homes during the rigorous lockdown has led many to re-evaluate their priorities and cherish the sense of security that comes with owning a home.

In the pandemic influenced new world order, we felt there was a need to gauge how the attitude of homebuyers was affected in India across income segments, as a result of the pandemic.

Our new report titled “India Buyer Survey 2021 – Living in the times of COVID-19” provides an insight into residential buyers' behavior across the country. How the pandemic has influenced the attitude of homebuyers forms the crux of an interesting primary survey that was undertaken by Knight Frank to assess preferences across key parameters related to home ownership and relocation in the midst of the pandemic. Not surprisingly, our survey findings mirrored some of our expectations.

Aspects such as preference for property types and changes in spending propensity for new homes brought about the main difference in the attitudes of homebuyers across income segments. However, aspects such as upgrading the family's primary residence and access to green areas and good healthcare remained on top of the mind.

In the Global Indian Segment, energy efficiency in new homes emerged as a vitally important aspect. Interestingly, in all income segments - both Global Indian and Mainstream, homebuyers were more optimistic about their aspirations for second homes than they had been before the pandemic. Per our findings, 2 in 5 respondents across these income segments will more likely buy a second home.

I hope this report gives you an insightful peek into the Indian homebuyer's mind. Wishing you and your loved ones a safe and healthy life

Shishir Baijal
Chairman and Managing Director
Knight Frank India Pvt. Ltd.

GET IN TOUCH

Sign up to our Research updates to keep informed about the impact of COVID 19 on the property markets globally.

About the study

With the objective to research the impact of the COVID-19 pandemic and consequent lockdowns on residential segment consumers, Knight Frank conducted a two-part primary survey. The Knight Frank Global Buyer Survey was undertaken in June 2021 to understand and determine its impact on residential markets and buyer attitudes in particular.

Part I of the survey comprises respondents in the high-end income segment, referred to as the 'Global Indian Segment'. Part II, on the other hand, gauges buyer sentiment in the mid-end income segment and is referred to as the 'Mainstream Indian Segment'. Since the attitudes and preferences of buyers vary widely across income categories, we thought it prudent to capture their distinct aspirations towards home ownership to enable a comparative analysis. The Global Indian Segment, due to a higher income threshold and resources at disposal, have fundamentally different desires from which they derive comfort in a home, whereas the Mainstream Indian Segment is more pragmatic in their approach.

The survey findings represent the views of 558 respondents in both segments across the top eight Indian cities of Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune, all of whom may have an interest in buying a residential property.

FIG 1. **RESPONDENT PROFILE**

Age Group	20 or under	21-30	**31-40**	**41-50**	51-60	61-70	70+
Global Indian Segment	3%	3%	**26%**	**34%**	25%	7%	2%
Mainstream Indian Segment	-	13%	**38%**	**33%**	12%	4%	-

Source: Knight Frank Research

A majority of respondents – 60% and 71% respectively across the two categories, belong to the 31-50 years age group. 52% of respondents in the Global Indian Segment have an annual household income in the range of INR 4-15 million, whereas, nearly 50% of respondents in the Mainstream Indian Segment have an annual household income in the range of INR 1-2.5 million.

RELOCATION INTENTIONS

26% of respondents in the Mainstream Indian Segment made the move to relocate in the past 12 months

Relocation is never an easy task. Though one would assume that the pandemic may have derailed the relocation plans of many, our survey indicated that as many as 19% of respondents relocated globally since the start of the COVID-19 pandemic. The Global Indian Segment, however, remained cautious of relocating during the pandemic, with only 7% having moved house in the past 12 months. In contrast, nearly one-fourth or 26% of respondents in the Mainstream Indian Segment made the move to relocate in the same period.

When it came to motive, the need for more open spaces and proximity to family/friends ranked the highest as one of the main reasons for relocating. Interestingly, the Global Indian Segment also noted a preference to move to a city centre or downtown location as the second most important reason for relocation in the past 12 months.

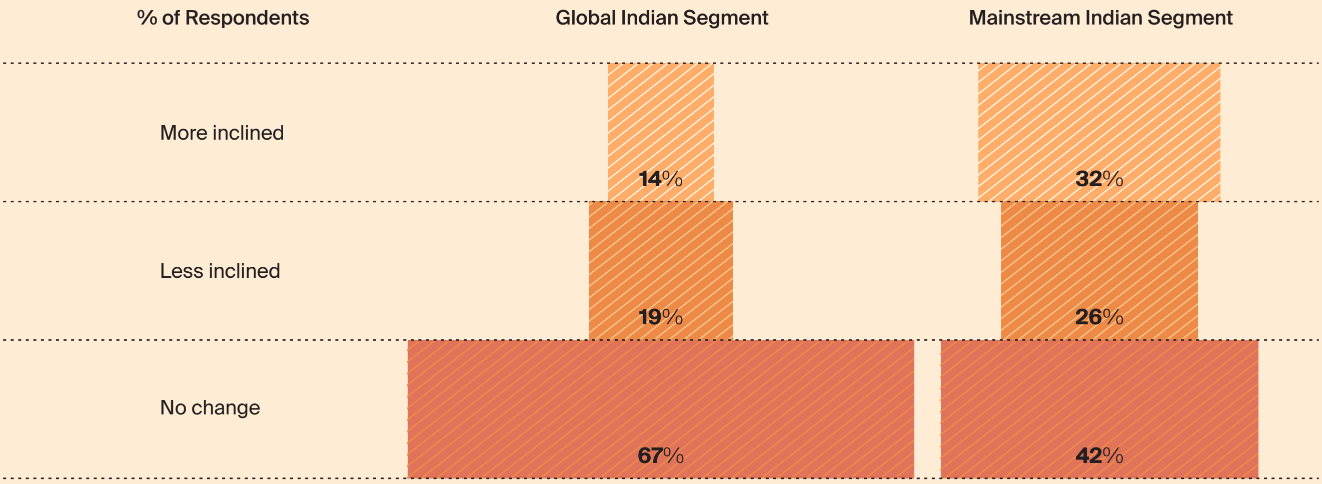
When it came to willingness to relocate in the next 12 months as a result of the pandemic, respondents in the Mainstream Indian Segment were more inclined as compared to the Global Indian Segment.

FIG 2. **TOP REASONS TO MOVE HOUSE DURING THE PANDEMIC**

Global	Global Indian Segment	Mainstream Indian Segment
Need for more open spaces / outdoor spaces	To be nearer to family / friends	Need for more open spaces/outdoor spaces
Need for more indoor space	Desire to move to city centre / downtown location	To be nearer to family / friends

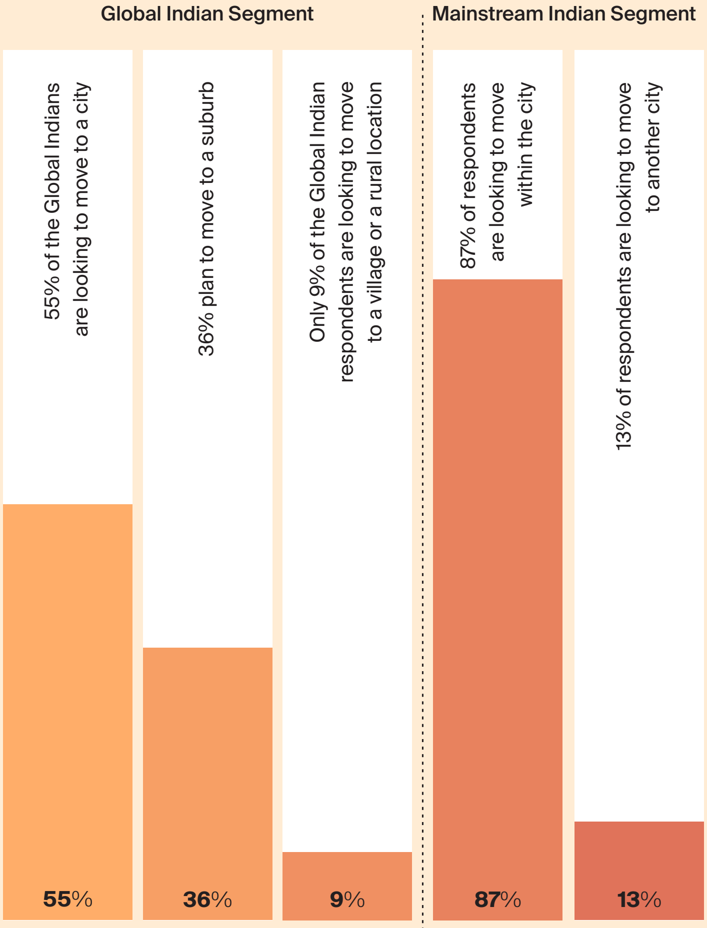
Source: Knight Frank Research

FIG 3. **WILLINGNESS TO RELOCATE IN THE NEXT 12 MONTHS AS A RESULT OF THE PANDEMIC**



Source: Knight Frank Research

RELOCATION PREFERENCE FOR PEOPLE MORE INCLINED TO MOVE



Mumbai and Pune top the charts where people are more inclined to move to another city post the pandemic

TAKEAWAY

One in five respondents are more inclined to move houses within the next 12 months globally, due to the pandemic. One in three in case of Mainstream Indian Segment.

DECISION MAKING CRITERIA

Indians across income segments uphold
– Upgrading the family's primary residence - as the foremost reason for new home

Upgrading the family's primary residence ranked highest as the main reason for purchasing a new home across both categories of homebuyers. Interestingly, acquiring a holiday home came second for the Global Indian Segment. For the Mainstream Indian Segment, purchasing a new home due to increase in the size of family ranked second while a new holiday home ranked third in order of preference.

FIG 4. **TOP FACTORS INFLUENCING PURCHASE OF A NEW HOME**

Rank	Global Indian Segment	Mainstream Indian Segment
Rank 1	Upgrading family's primary residence	Upgrading family's primary residence
Rank 2	A new holiday home	Increase in size of family
Rank 3	Moving permanently to a new country / territory	A new holiday home

Source: Knight Frank Research

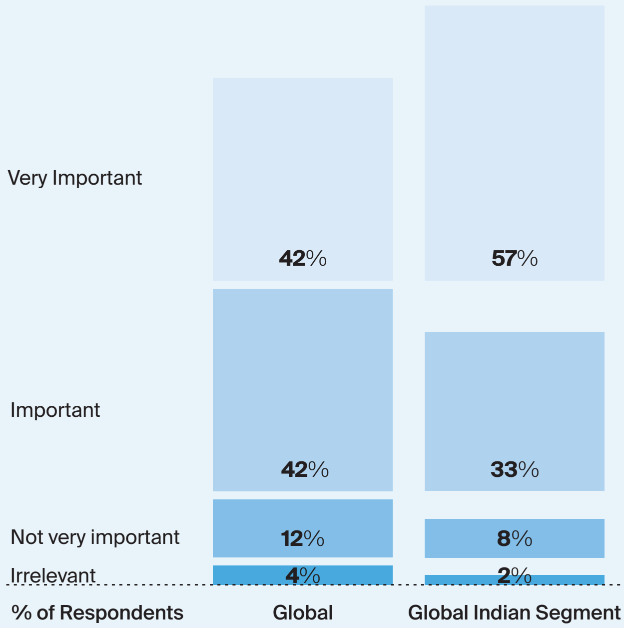
Mainstream Indian Segment

30% respondents cited upgrading the family's primary residence as the topmost factor influencing purchase of a new home.

Energy Efficiency and New Homes

In the global context, energy efficiency is high in priority for people evaluating home purchase in future. In the Global Indian Segment, 57% indicated energy efficiency in new homes as a very important feature for purchase consideration.

FIG 5. **HOW IMPORTANT IS ENERGY EFFICIENCY**



Source: Knight Frank Research

When respondents were asked if they would be willing to pay a premium for greener homes in future, 27% elicited a positive response. In the Global Indian Segment, the willingness to pay a premium for energy efficient homes was even higher. As per our survey, one-third of the respondents in this category are willing to pay more for a greener home, if required. The prospect of future environmental regulations impacting the value of the home and cheaper mortgage finance for such homes were also on top of the mind for respondents. This option is yet to become available to the masses in mid-segment products, hence, the awareness about green homes and inventory is limited in this segment. As a result, energy efficient, green homes in the mainstream segment are yet to make their presence felt.

Location

The importance of location can never be underestimated when it comes to a home-buying decision. It has long been the buzzword and is often considered as one of the most important criteria to dictate the way property prices sway. With the pandemic, features which were typically considered the hallmark of a good location, have also undergone a change in the order of priority. While features such as good air quality, proximity to green areas and access to good healthcare have become more important, factors such as being within walking distance to a public transport hub have slid down in the order of ranking. This used to be a very important add-on to a location before the pandemic.

FIG 6. **LOCATION FEATURES MORE IMPORTANT THAN BEFORE**

Rank	Global Indian Segment	Mainstream Indian Segment
Rank 1	Good air quality	Access to green areas
Rank 2	Access to green areas	Access to good healthcare
Rank 3	Access to good healthcare	Proximity to workplace

Source: Knight Frank Research

For the Global Indian Segment, being within walking distance to a public transport hub came up as the least important reason to choose where to live once COVID-19 related restrictions came to an end. Interestingly, for the Mainstream Indian Segment, having a good view of open areas and lakes emerged as the least important factor in the new normal.

TAKEAWAY

While features such as good air quality, proximity to green areas and access to good healthcare have become more important, factors such as being within walking distance to a public transport hub have slid down in their order of ranking.

FIG 7. **PREFERRED LOCATION FEATURES – MAINSTREAM INDIAN SEGMENT**

	More important	Same as before	Less important
Accessibility to large green areas	77%	19%	4%
Access to good healthcare	64%	22%	14%
Proximity to workplace	56%	27%	18%
Proximity to social infrastructure	44%	28%	28%
Less polluted area	47%	28%	25%
Access to good education institutions	44%	35%	21%
Good views (Open areas, lake, etc.)	41%	32%	27%

Source: Knight Frank Research / Note: Social infrastructure includes restaurants, bars, retail, and cultural amenities.

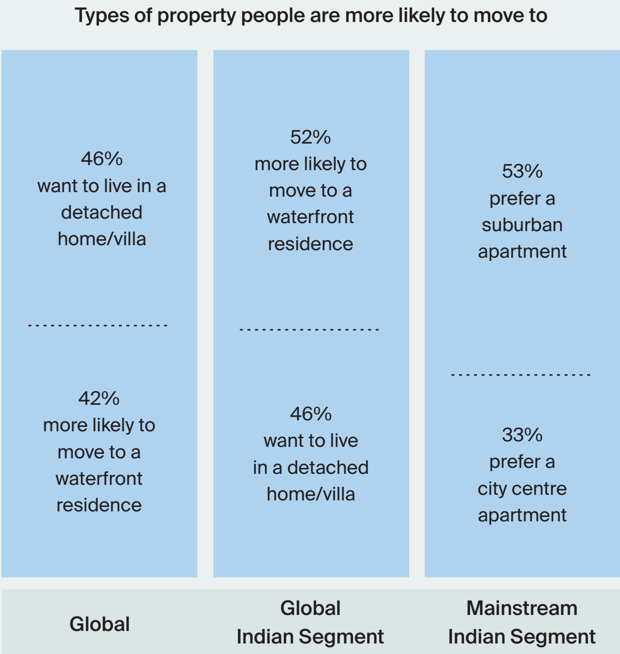
Residents of cities like Ahmedabad, Bengaluru, Pune, Hyderabad and Mumbai have rated accessibility to green areas as the most important feature.

PANDEMIC IMPACT ON THE WAY OF LIVING

While the globally inclined buyers choose villa or waterfront residence, Mainstream Indian Segment prefer suburban or a city centre apartment

The year 2020 well established the fact that study from home and work from home are here to stay. A year down the line, people have settled into their new realities even as they deal with consecutive waves of the pandemic and keep up with the demands of a hybrid working model. Demand for more space and new lifestyle demands have influenced the property type preferences of our respondents globally.

FIG 8. **LIVING IT UP ... IN VILLAS, BEACH HOUSES AND SUBURBAN APARTMENTS**



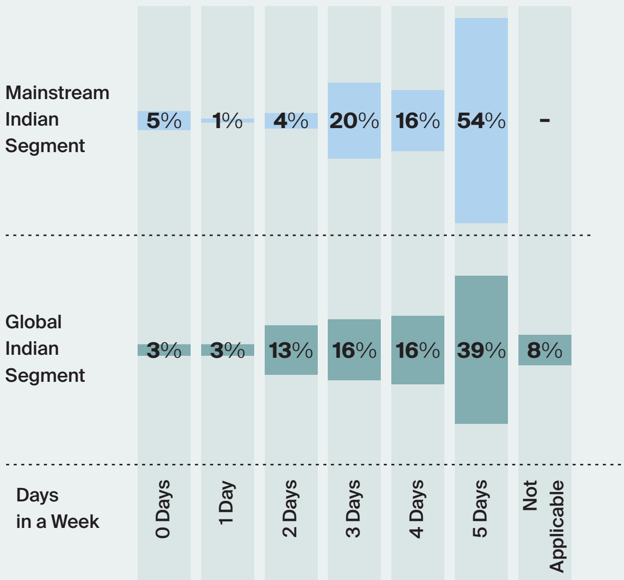
Source: Knight Frank Research

Clearly, luxurious living hasn't taken a back seat for the Global Indians despite the pandemic. It is beaches and villas all the way as 52% indicated that they are more likely to move to a waterfront residence when it came to property type preference. In line with the responses globally, 46% of the Global Indian Segment buyers would want to live in a detached home/villa. However, for the Mainstream Indian Segment, the comfort of a suburban or city centre apartment remains paramount. More than half the respondents or 53% indicated a preference for suburban apartments. This was followed by 33% in the same segment opting for a city centre apartment.

Work from Office

With the vaccination drive picking up steam, people are becoming confident of working from offices, as isolation in the confines of a home in the past one year has been taxing for many. When it came to working from office, the level of confidence in respondents varied, depending upon local restrictions.

FIG 9. **WORK FROM OFFICE PREFERENCES**



Source: Knight Frank Research

Globally, 59% of respondents envisage working 3-5 days in a week from office once all restrictions are lifted. In the Global Indian Segment, 73% of respondents expect to continue working 3-5 days a week from office, after all restrictions are lifted. More than half the respondents in the Mainstream Indian Segment expect to be back in office for the entire work week once all restrictions are lifted.

More than half the respondents in Mainstream Indian Segment expect to be back in office for the entire work week once all restrictions are lifted.

FIG 10. **OCCUPATION BASED WORK FROM OFFICE PREFERENCES – MAINSTREAM INDIAN SEGMENT**

	Salaried - Semi-Govt. / Govt. Job	Salaried - Private Job	Professional	Non-Professional	Industrialist
None	2%	4%	-	2%	-
5 Days in a week	37%	49%	84%	62%	48%
4 Days in a week	42%	12%	12%	19%	7%
3 Days in a week	16%	27%	5%	13%	34%
2 Days in a week	2%	8%	-	2%	3%
1 Day in a week	-	-	-	2%	7%

Source: Knight Frank Research

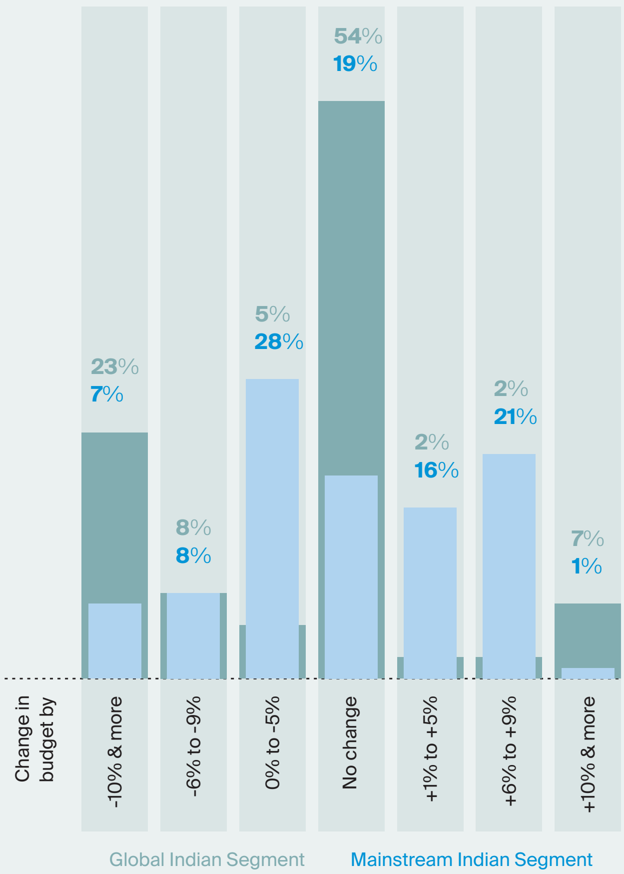
In the Mainstream Indian Segment, the highest inclination towards 5 days of work from office was shown by professionals i.e. lawyers, architects, doctors, chartered accountants etc. In case of the salaried class segment, the work from office preference ranges from 3 to 5 days. This is largely due to the impact of tech-firm employees working from home. India has a huge services sector dominated by the Information Technology and Information Technology enabled Services (IT/ITeS) sector. While the IT/ITeS sector was amongst the first to adopt the work from home (WFH) culture, the salaried people in private jobs mostly echo the sentiment to work out of offices for only a part of the week. 89% of industrialists/manufacturers too expect to work 3-5 days a week from the office.

New Homes

Reflecting optimism around new home budgets, 24% of the Global survey respondents have indicated an increase in spending power since the start of the crisis. Around 26% indicated a decline and 50% felt that their budgets have remained the same.

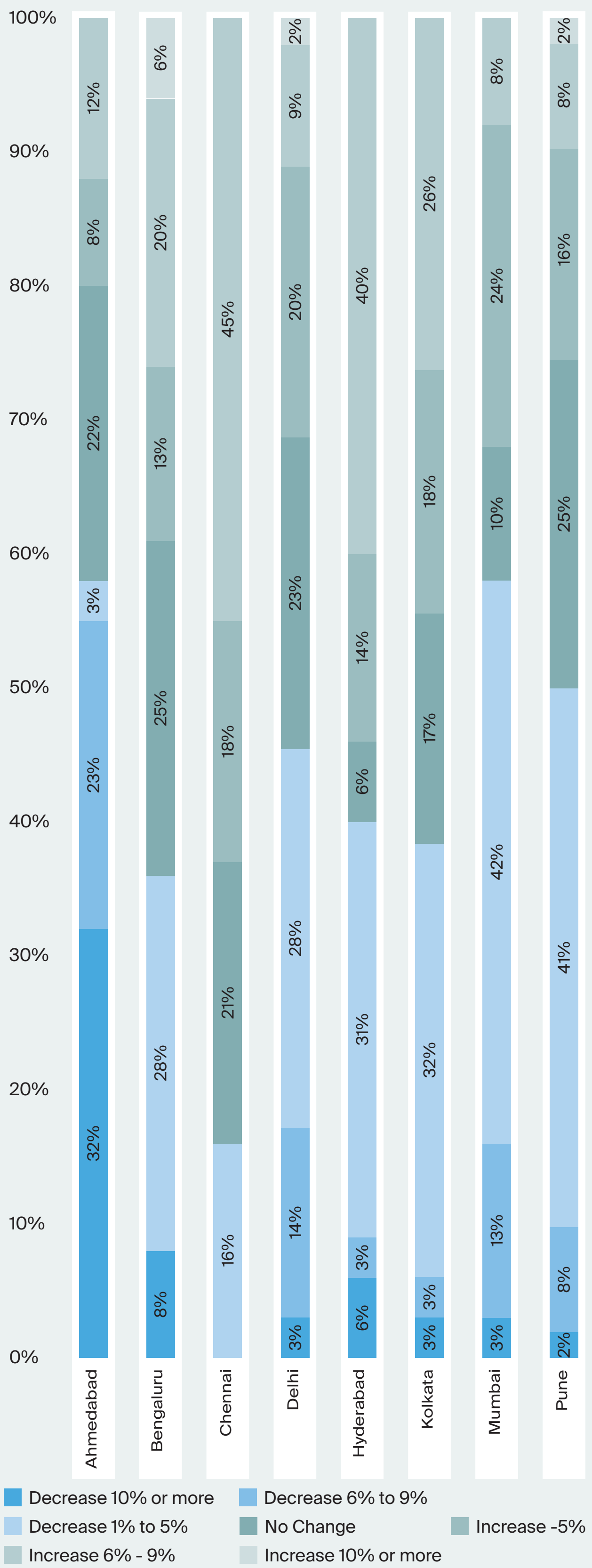
Interestingly, in the Mainstream Indian Segment, even as 43% respondents have indicated a decline in spending propensity for a new home, there are 38% respondents who indicate an increase. For the segment of population where the income levels were not adversely impacted as a result pandemic, higher savings rate has played out in such an increase.

FIG 11. **CHANGES IN SPENDING PROPENSITY ON NEW HOMES**



Source: Knight Frank Research

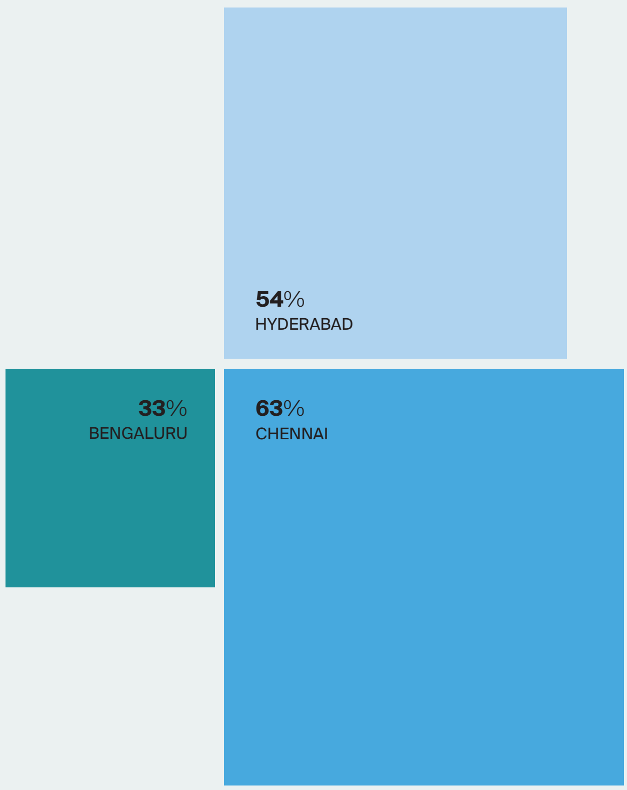
FIG 12. **CITY LEVEL CHANGES IN SPENDING PROPENSITY IN THE MAINSTREAM INDIAN SEGMENT**



Source: Knight Frank Research

The city level changes in spending propensity in the Mainstream Indian Segment presents some interesting trends across the top eight markets. 42% respondents in Mumbai and 41% in Pune have witnessed a fall in spending propensity by up to 5%. 55% of Ahmedabad residents have reduced spending by 6-10%. The attitudes of the Mainstream Indian Segment buyers in South India are fairly optimistic when it comes to spending propensity for buying new homes. 63% in Chennai, 54% in Hyderabad and 39% in Bengaluru have indicated an increase in spending propensity.

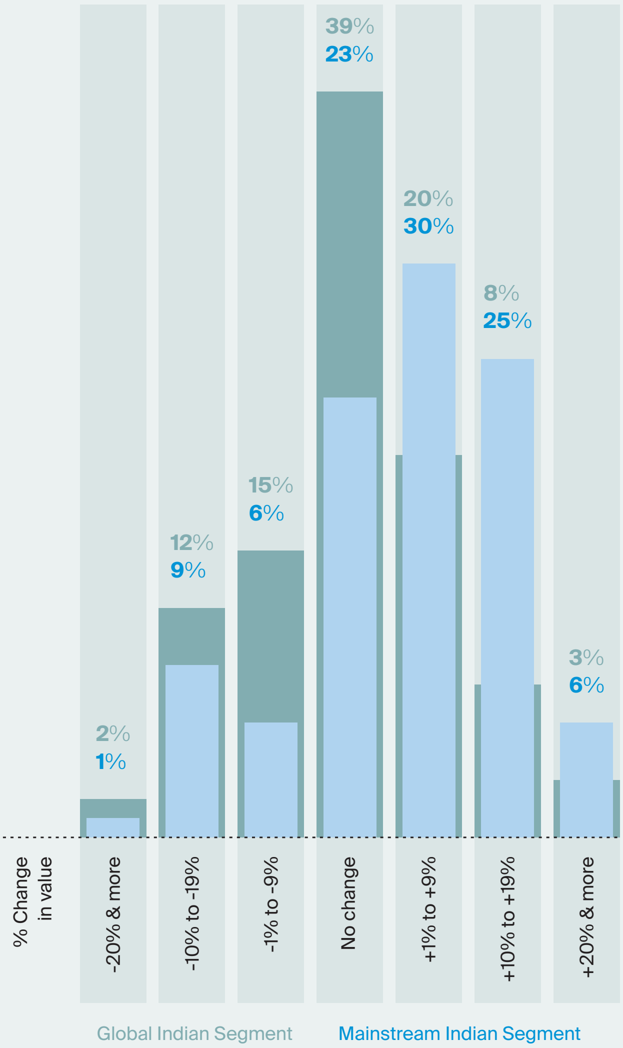
FIG 13. **RESPONDENTS IN SOUTHERN CITIES BULLISH ON SPENDING PROPENSITY ON NEW HOMES - % RESPONDENTS INDICATING AN INCREASE OF UP TO 9%**



Primary Residences

Globally, the expectations around house prices in the next 12 months are more optimistic than 2020. 46% respondents expect a 1% to 9% increase in the value of primary residence in the next 12 months, compared to 2020 when only 19% expected prices to increase.

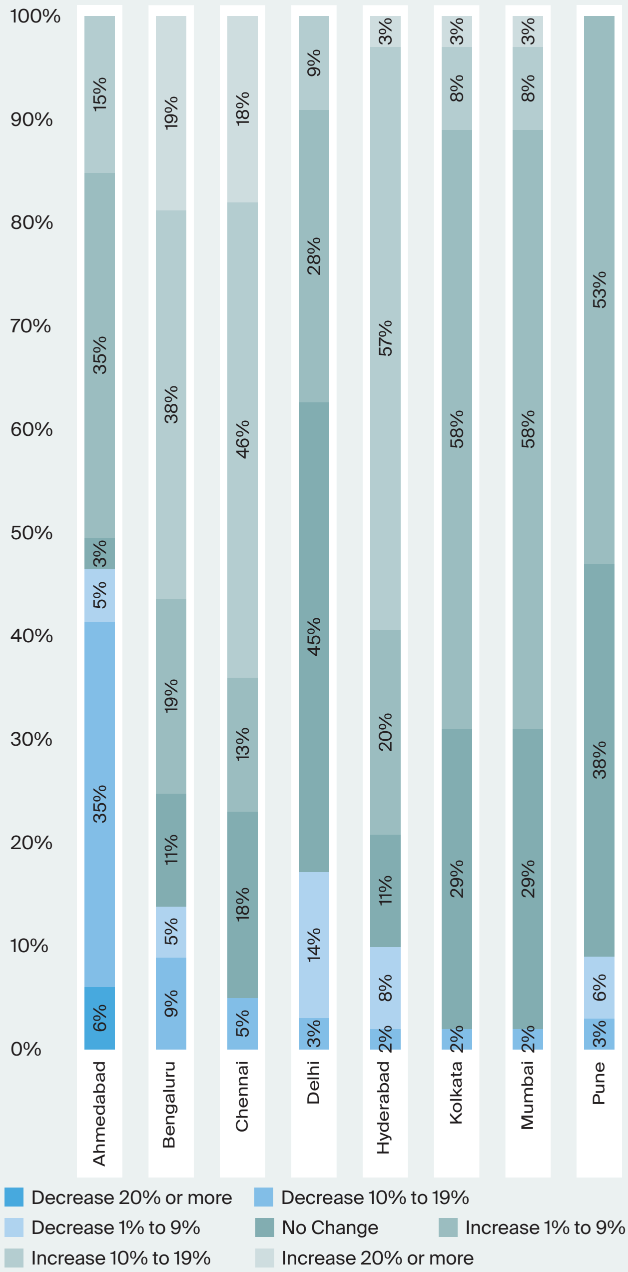
FIG 14. **PRIMARY RESIDENCE PRICE EXPECTATION IN NEXT 12 MONTHS**



Source: Knight Frank Research

Looking specifically at the Global Indian Segment and the Mainstream Indian Segment buyers' expectations, 61% respondents in the Mainstream Indian Segment expect prices for primary residences to rise in the next 12 months. In the Global Indian Segment, 32% indicated such an expectation. With a better handle on pandemic preparedness and softening of prices in 2020, there is a buoyancy in sentiment for the Mainstream Indian Segment.

FIG 15. **PRIMARY RESIDENCE PRICE EXPECTATION IN NEXT 12 MONTHS – MAINSTREAM INDIAN SEGMENT**



Source: Knight Frank Research

Nearly 45% of Delhi respondents expect no change in residential prices in the next 12 months. However, nearly 58% respondents in Mumbai and Kolkata expect up to 10% increase in residential prices, while 53% in Pune also have a similar expectation. Further, 19% in respondents in Bengaluru and 18% in Chennai expect prices to increase 20% or more in the next 12 months.

*More than **60% respondents** in Southern cities expect up to 20% price increase in next 12 months*

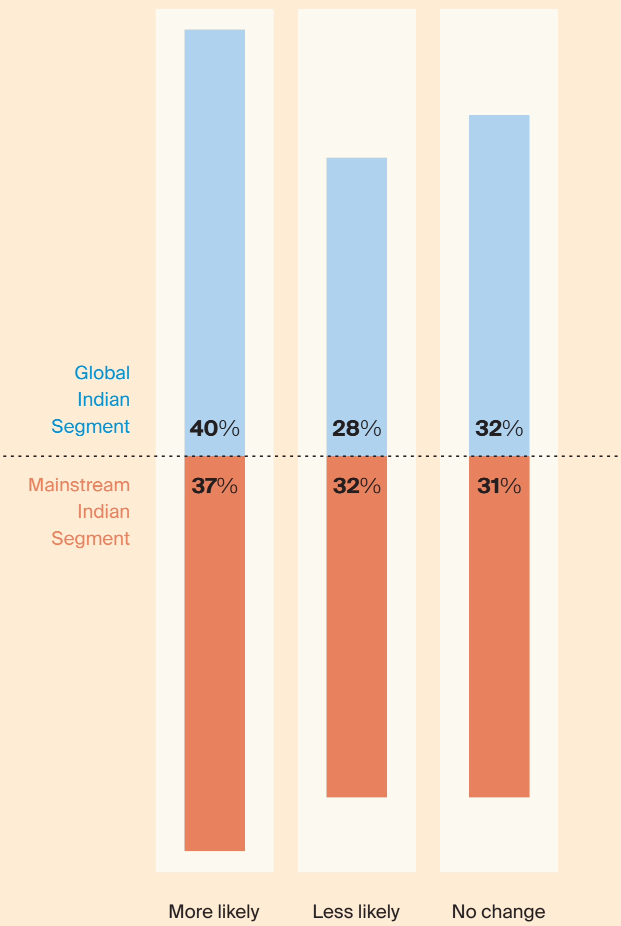
BUYING INTENTIONS

Nearly 40% respondents across income segments more likely to buy a second home due to the pandemic

Second Homes

The pandemic has focused buyers' minds on lifestyle purchases with many eyeing a retreat in the event of more such outbreaks going forward. Globally, one-third of the respondents are more likely to buy a second home which is slightly better than what was seen in 2020. As per the Global Buyer Survey 2020, only 26% respondents were more likely to buy a second home as a result of the pandemic, presumably to enhance their lifestyle and to use as a retreat in the event of future outbreaks.

FIG 16. **SECOND HOMES – A MORE LIKELY PRIORITY FOR ALL**



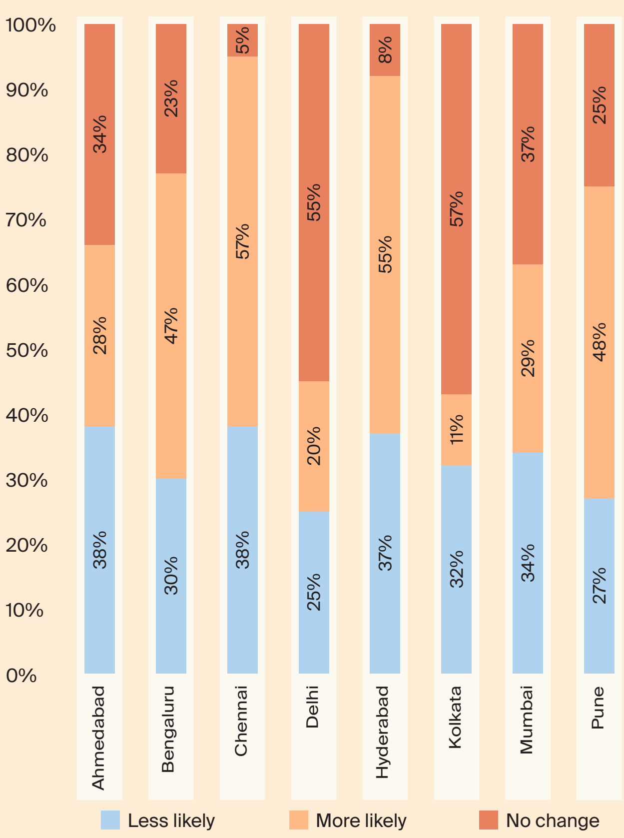
Source: Knight Frank Research

Outdoor space and need for greater privacy have pushed homebuyers in the Global Indian Segment to evaluate second home purchases in India, UK and US, followed by Singapore and Australia. In India, study from home and work from home demands have made homebuyers in the Mainstream Indian Segment lean towards second home purchases.

Government's handling of the pandemic has emerged as a top reason to influence second home purchases.

67% in the Global Indian Segment responded in the positive when asked whether this will impact their decision to buy a second home in their chosen country / territory.

FIG 17. **SECOND HOME PREFERENCES – MAINSTREAM INDIAN SEGMENT**

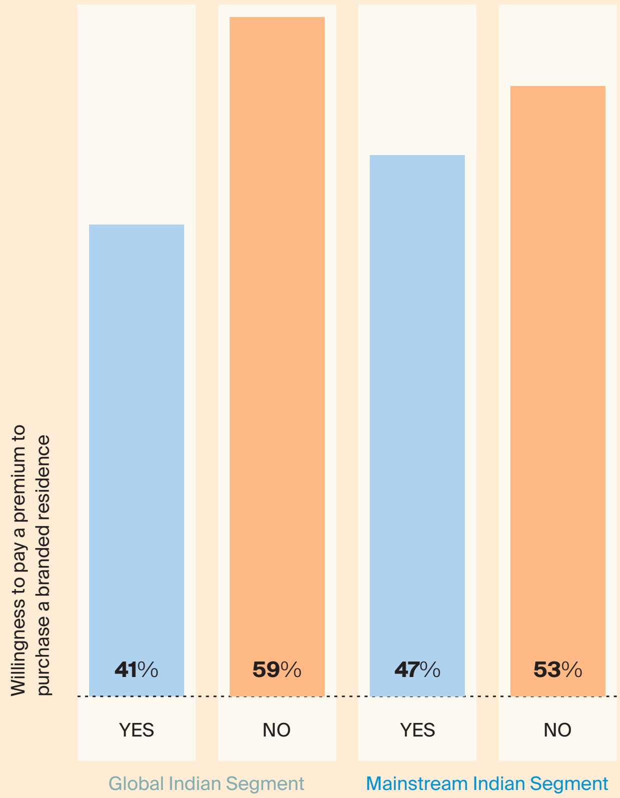


Source: Knight Frank Research

Respondents in cities such as Chennai, Hyderabad, Bengaluru and Pune are more likely than others across the top eight markets to buy a second home. However, there is largely no pandemic induced change in preference for second homes in Delhi and Kolkata.

Branded Residences

FIG 18. **BRANDED RESIDENCES – A MIXED BAG**



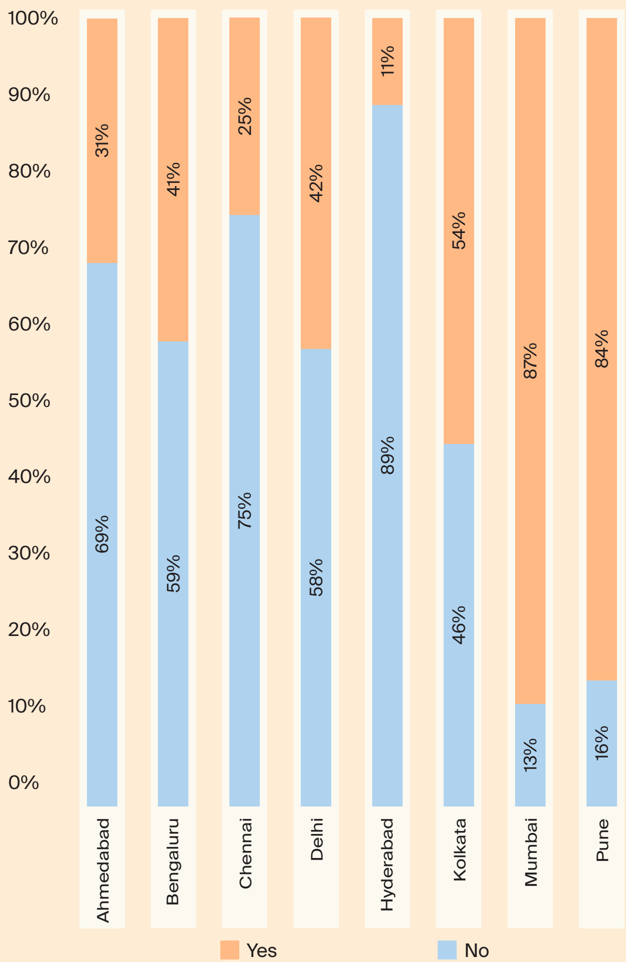
Source: Knight Frank Research

On this particular aspect, there is a lack of consensus on willingness to pay a premium for branded residences across income segments despite a wallet-friendly environment to buy real estate. Building maintenance and management, service provision and physical amenities remain key motives for branded residence purchases for the Global Indian Segment.

Branded Residences – Mainstream Indian Segment

Unlike their Global counterparts, homebuyers in India have very limited access to branded residence inventory due to which respondents had an extremely limited experience with this concept. Willingness to pay a premium for branded residences is high in case of Mumbai and Pune followed by Kolkata.

FIG 19. **CITY-WISE WILLINGNESS TO PAY PREMIUM FOR BRANDED RESIDENCES**



Source: Knight Frank Research

CONCLUSION

Top Trends to Watch Out For

01.

PURCHASE OF A NEW HOME

Upgrading family's primary residence is a key consideration across income segments.

02.

LOCATION FEATURES

Good air quality, access to green spaces and medical infrastructure is more important after the pandemic.

03.

SPENDING PROPENSITY FOR NEW HOME PURCHASES

Reflecting optimism around new home budgets, 24% of the Global survey respondents have indicated an increase in spending power since the start of the crisis.

In the Mainstream Indian Segment, 38% respondents indicate an increase. For the segment of population where the income levels were not adversely impacted as a result pandemic, higher savings rate has played out in such an increase.

04.

PRIMARY RESIDENCE PRICE EXPECTATION IN NEXT 12 MONTHS

61% respondents in the Mainstream Indian Segment and 32% in Global Indian Segment expect prices for primary residences to rise in the next 12 months.

05.

SECOND HOMES

2 in 5 respondents more likely to buy a second home across income segments.

06.

BRANDED RESIDENCES

Building maintenance and management, service provision and physical amenities key motives for Global Indian Segment.

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Report Author

Divya Agarwal
Vice President – Research
divya.agarwal@in.knightfrank.com

RESEARCH
Rajani Sinha
Chief Economist & National Director
rajani.sinha@in.knightfrank.com

Vivek Rathi
Director
vivek.rathi@in.knightfrank.com

Key Contacts

Shishir Baijal
Chairman & Managing Director
shishir.baijal@in.knightfrank.com

RESEARCH, ADVISORY, INFRASTRUCTURE AND VALUATION
Gulam Zia
Senior Executive Director
gulam.zia@in.knightfrank.com

Rajeev Vijay
Executive Director - Advisory
rajeev.vijay@in.knightfrank.com

Saurabh Mehrotra
Executive Director - Valuation & Advisory
saurabh.mehrotra@in.knightfrank.com

CAPITAL MARKETS
Sharad Agrawal
Executive Director
sharad.agrawal@in.knightfrank.com

FACILITIES & ASSET MANAGEMENT SERVICES
Sathish Rajendren
Executive Director
sathish.rajendren@in.knightfrank.com

INDUSTRIAL & LOGISTICS
Balbirsingh Khalsa
Executive Director
balbirsingh.khalsa@in.knightfrank.com

Pinkesh Teckwani
National Director
pinkesh.teckwanii@in.knightfrank.com

TRANSACTIONS
Viral Desai
Executive Director
viral.desai@in.knightfrank.com

PROJECT MANAGEMENT
Deben Moza
Executive Director
deben.moza@in.knightfrank.com

AHMEDABAD
Balbirsingh Khalsa
Branch Director
balbirsingh.khalsa@in.knightfrank.com

BENGALURU
Shantanu Mazumder
Executive Director
shantanu.mazumder@in.knightfrank.com

CHENNAI
Srinivas Ankipatti
Senior Director
srinivas.ankipatti@in.knightfrank.com

HYDERABAD
Samson Arthur
Senior Branch Director
samson.arthur@in.knightfrank.com

KOLKATA
Swapan Dutta
Senior Branch Director
swapan.dutta@in.knightfrank.com

NCR
Mudassir Zaidi
Executive Director - North
mudassir.zaidi@in.knightfrank.com

PUNE
Paramvir Singh Paul
Branch Director
paramvirsingh.paul@in.knightfrank.com

Knight Frank Research
Reports are available at
Knightfrank.co.in/research

Knight
Frank